

Thailand: Moving Forward



Duangjai Asawachintachit
Deputy Secretary General
Thailand Board of Investment
July 2015, Australia

Thailand at a Glance



Sources: Economist 2015 Pocket World Figures

Economic Projection for 2015

(% YoY)	2014	Projection
		2015
GDP Growth (CVM, %)	0.9	3.0-4.0
Export volume of goods & services (%)	0.0	3.7
Export value of goods (Bil. USD)	224.8	225.2
Import volume of goods & services (%)	-5.4	3.4
Import value of goods (Bil. USD)	200.2	198.6
Trade balance (Bil. USD)	24.6	26.6
Current account to GDP (%)	3.3	3.9
Inflation (%) - CPI	1.9	(-0.3)-0.7
Unemployment (% pop.)*	0.8	0.7 – 0.9

FDI Inflows, by region and economy, 2009-2014 (Million of dollars)

Region/country	FDI Inflows					
	2009	2010	2011	2012	2013	2014
South-East Asia	46,134	105,151	93,535	108,135	126,087	132,867
Brunei	370	481	691	865	776	568
Cambodia	928	1,342	1,372	1,835	1,872	1,730
Indonesia	4,877	13,771	19,241	19,138	18,817	22,580
Lao	190	279	301	294	427	721
Malaysia	1,453	9,060	12,198	9,239	12,115	10,799
Philippines	1,963	1,298	1,852	2,033	3,737	6,201
Singapore	23,821	55,076	48,002	56,659	64,793	67,523
<i>Thailand</i>	<i>4,854</i>	<i>9,147</i>	<i>1,195</i>	<i>9,168</i>	<i>14,016</i>	<i>12,566</i>
Vietnam	7,600	8,000	7,519	8,368	8,900	9,200

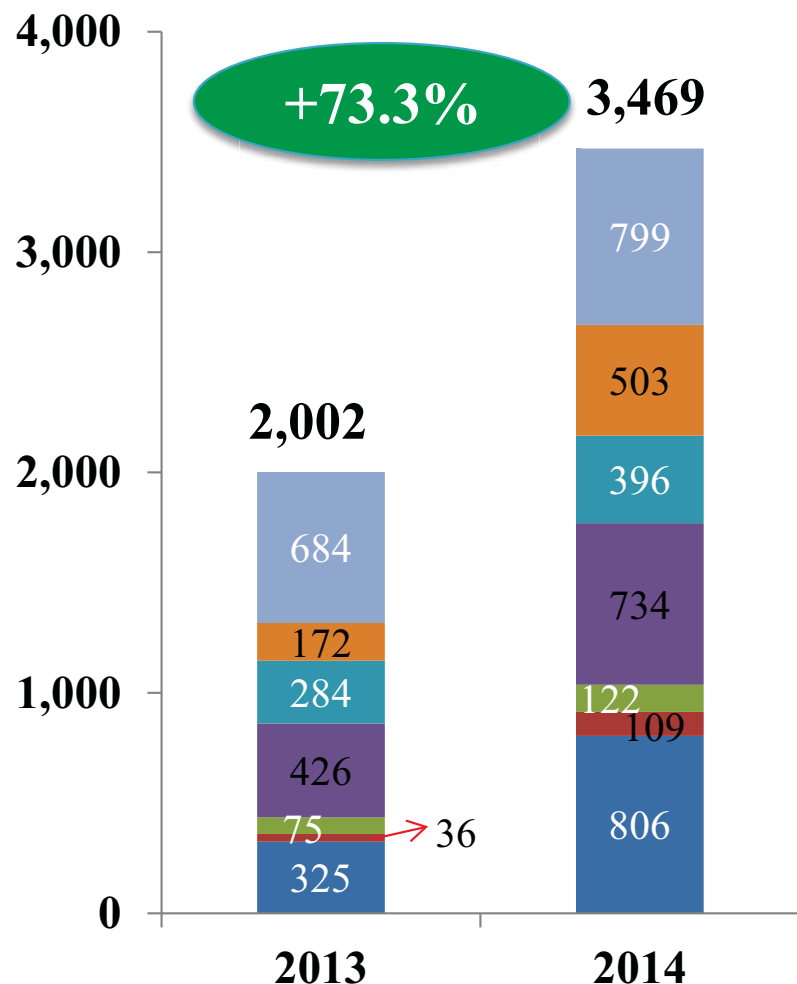
Source: World Investment Report 2015, UNCTAD

Comparison of All Net Applications for Investment Promotion

2013 vs 2014

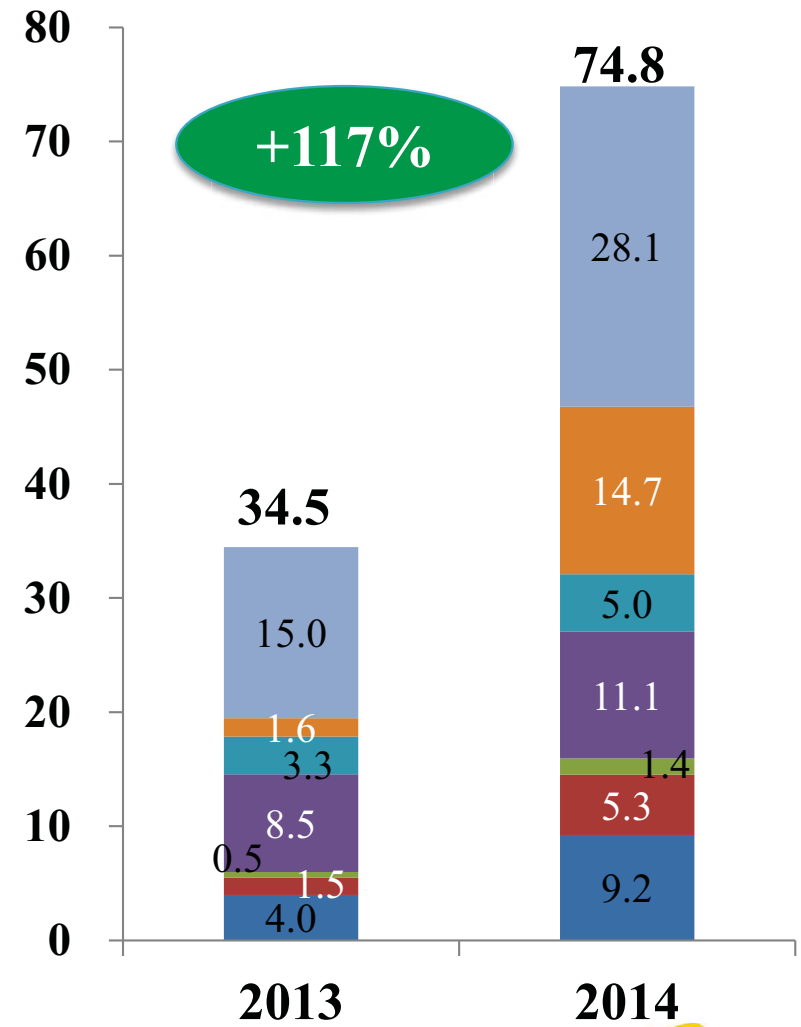
Number of Projects

Number of
Projects



Amount Invested

A\$ Billion

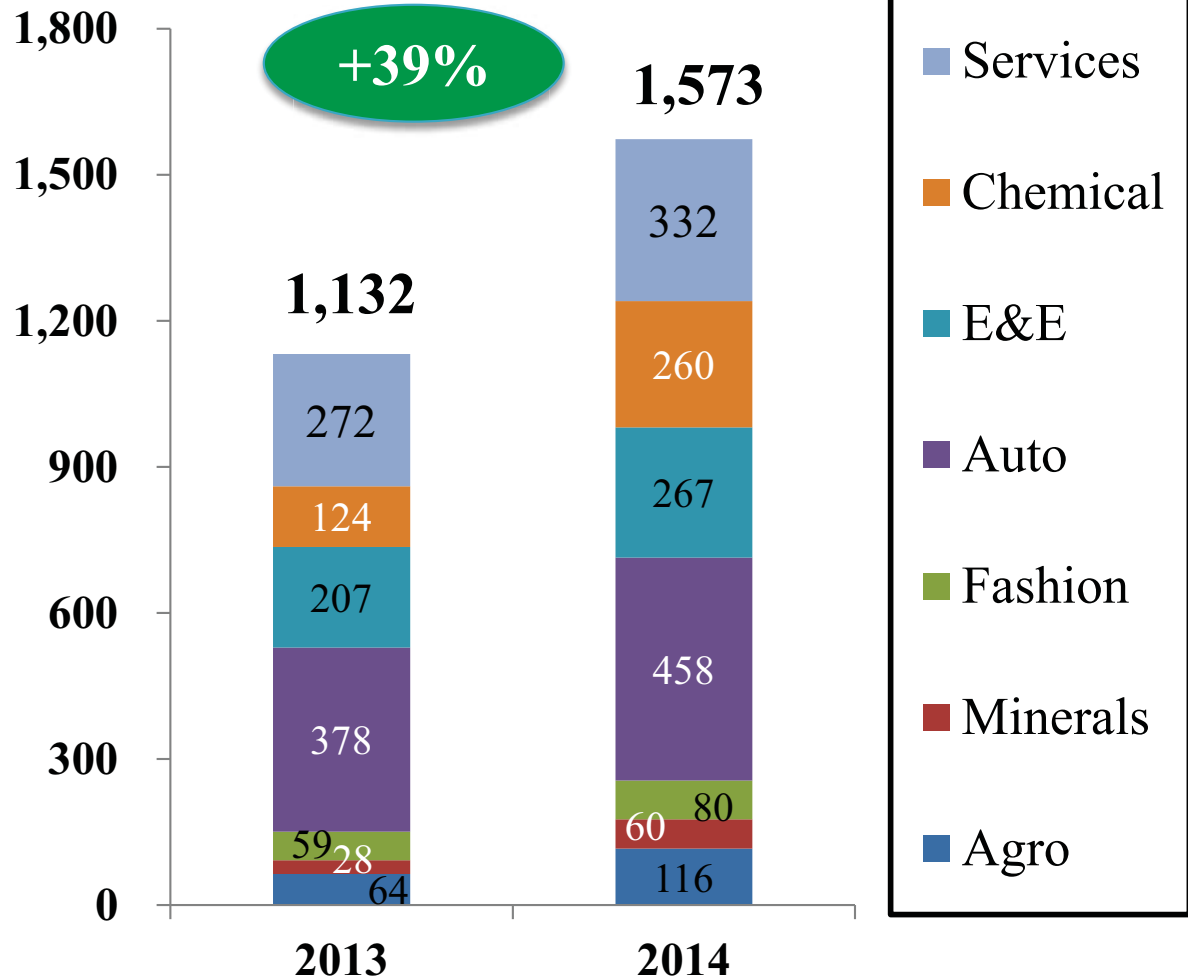


Comparison of Net Foreign Applications for Investment

2013 vs 2014

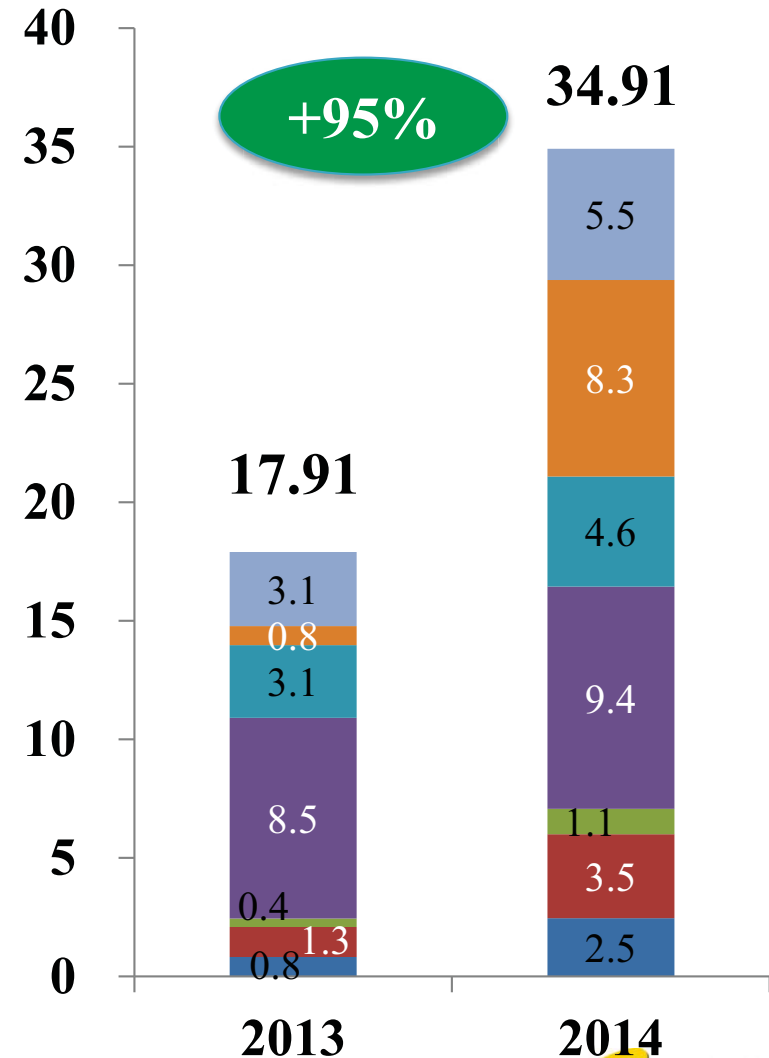
Number of Projects

Number of Projects



Amount Invested

A\$ Billion



Australian Investment



Australian Investment Applications

Totals by Sector: 2009 – 2015 (Jan-Jun)

Sector	Projects	A\$ Million
Agricultural Products	16	737
Minerals and Ceramics	3	182
Light Industries/Textiles	15	42
Metal Products and Machinery	45	136
Electric and Electronic Products	28	10
Chemicals and Paper	10	19
Services	33	359
TOTAL	150	1,485

Sample of Australian Investment in Thailand



Thailand in the Global Perspective

Thailand is Highly Ranked



UNCTAD Ranks Thailand 8th as a top prospective host economy 2013-2015

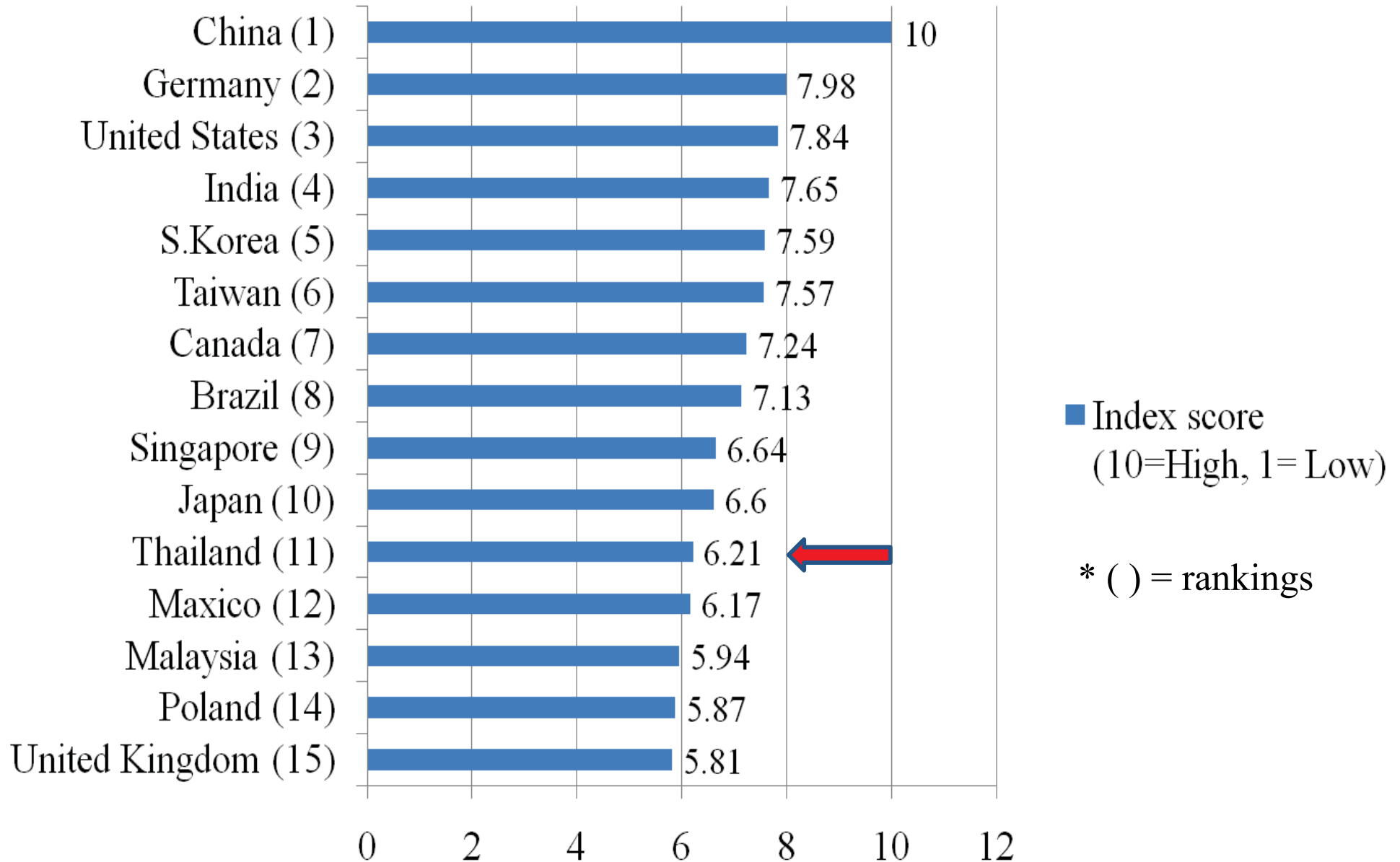


World Bank Ranks Thailand among the easiest places to do Business in Asia and 26th in the World (3rd in ASEAN)

Country	Rank
China	1
USA	2
Indonesia	3
India	4
Brazil	5
Germany	6
United Kingdom	7
Thailand	8
Vietnam	9
Russian Federation	10

2015		2015	
1	Singapore	18	Malaysia
2	New Zealand	26	Thailand
3	Hong Kong	29	Japan
4	Denmark	78	Vietnam
5	Korea, Rep.	90	China
6	Norway	95	Philippines
7	United States	101	Brunei
8	United Kingdom	114	Indonesia
9	Finland	135	Cambodia
10	Australia	142	India

2013 Global Manufacturing Competitiveness Index



Thailand as a regional trading and value creation hub.....

Thailand as the ASEAN Hub

Strategic Location-Right at the Center of Mainland ASEAN



Thailand: the Crossroads of ASEAN

10 Countries, One Single Market
in 2015



GDP	US\$ 2.4 trillion (2013)
Population	616 million
Foreign Direct Investment	US\$122 billion (2013)
GDP Growth	4.9% (2011) 5.8% (2012) 5.2% (2013) 4.9% (2014)

ASEAN's GDP to double to
US\$4.7 trillion in 2020



ASEAN's population size exceeds the EU's and NAFTA's

Median age is in the 20s in many countries of ASEAN

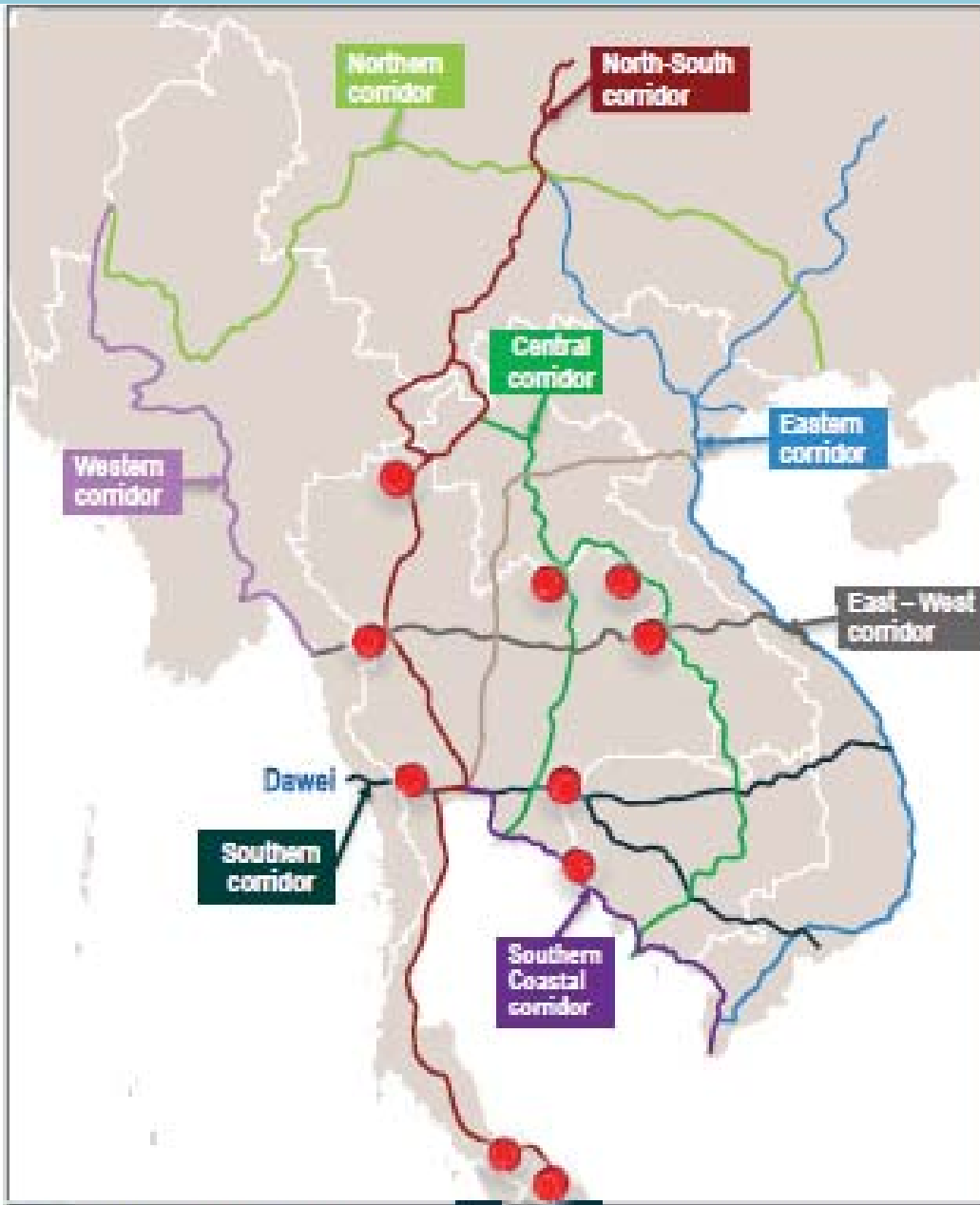
Population(million people)	2013
ASEAN	615.7 ✓
Indonesia	249.9
Philippines	98.4
Vietnam	89.7
Thailand	67.0
Myanmar	53.3
Malaysia	29.7
Cambodia	15.1
Lao PDR	6.8
Singapore	5.4
Brunei Darussalam	0.4
NAFTA	473.6 ✓
EU	507.0 ✓

Median age (years old)	2010
Singapore	37.3
Thailand	35.4
Brunei Darussalam	29.5 ✓
Viet Nam	28.5 ✓
Myanmar	27.8 ✓
Indonesia	26.9 ✓
Malaysia	26.1 ✓
Cambodia	23.5 ✓
Philippines	22.3 ✓
Lao PDR	20.3 ✓
Japan	44.9
China	34.6
India	25.5

(Source: United Nations)

(Source: United Nations)

Thailand's SEZ will be complementary with the development of Dawei SEZ



Target SEZ in Thailand

10 target areas under the 1st and 2nd phase SEZ development are located along the **GMS Economic Corridors**

Factors for determining target areas:

- **Potential and Competitiveness**
- **Opportunities**
- **Infrastructure** availability
- **Production factors** in areas
- **Border trade** value
- Development policies of the **neighboring countries**

New Transportation Development Strategies (2015 – 2022)

Total investment: 1.9 trillion baht (around 76 billion AUD)

New transportation development strategies 2015-2022

1. Inter-city rail network



Railway

- Upgrade rail infrastructure and overall system
- Build double-track in 6 main rails with their extension to respective borders

2. Capacity enhancement for highway network to link with key areas in the country and with neighboring countries



Road network

- Develop 4 lane-road networks linking Thailand's key economic regions and borders areas
- Construct new motor ways
- Develop facilities along the main roads such as container yards

3. Public transportation network development plan for Bangkok Metropolitan Region



Mass Transit in BKK & vicinity

- Extend mass transit railway system in Bangkok and vicinity
- Improve quality of service and safety of mass transit bus as well as to enhance its environment standard

4. Air transport capacity enhancement

5. Maritime transport development



Water and Air

- Improve seaport on both Thai gulf and Andaman sea
- Enhance capacity of airports to be the regional center of air transportation
- Establish the aviation industrial estates

Expanding Regional Integration

AEC

(ASEAN Economic Community)

616 million
population

(9% of world population)

GDP: US\$ 2.5 trillion
(2% of world's GDP)



FLAGSHIP OF ASEAN

- Emerging regional architecture
- A new generation FTA
- A high ambition agreement

RCEP

(Regional Comprehensive
Economic Partnership)

(ASEAN + China, Japan, Korea, India,
Australia & NZ)

3.3 billion population
(50% of world
population)

GDP: US\$17.1 trillion
(27% of world's GDP)



THE BIGGEST FTA

- Market size (16 countries)
- Regional supply chain
- FDI (intra-extra region)



Measures to Support International Headquarters & International Trading Centers

A juristic person incorporated in Thailand providing the following services to IHQ's foreign branch offices or associated enterprises

Org. admin. and mgt. & business planning
and business coordination

Sourcing of raw
materials and parts



Human resource
management, and
training

R&D



Financial advisory
services

Technical support



Economic and
investment analysis
and research

Marketing and sales
promotion



Credit mgt. and control

Other services as in Notification of
the Director General of Revenue
Department

International
trading

International Headquarters (IHQ)-Incentives

Revenue Department incentives:

Corporate Income Tax (*NP = Net profits, AE = associated enterprises*)

- exemption for income from services provided to foreign branches or AE;
- 10% for income derived from its branches or AE in Thailand
- exemption of NP from revenue from purchase and sale of goods to its foreign branches or AE and such goods are not imported to TH (OUT-OUT)

Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in IHQ.

Specific Business Tax exemption on loan taken out by IHQ to relend to its branches or AE in TH and abroad.

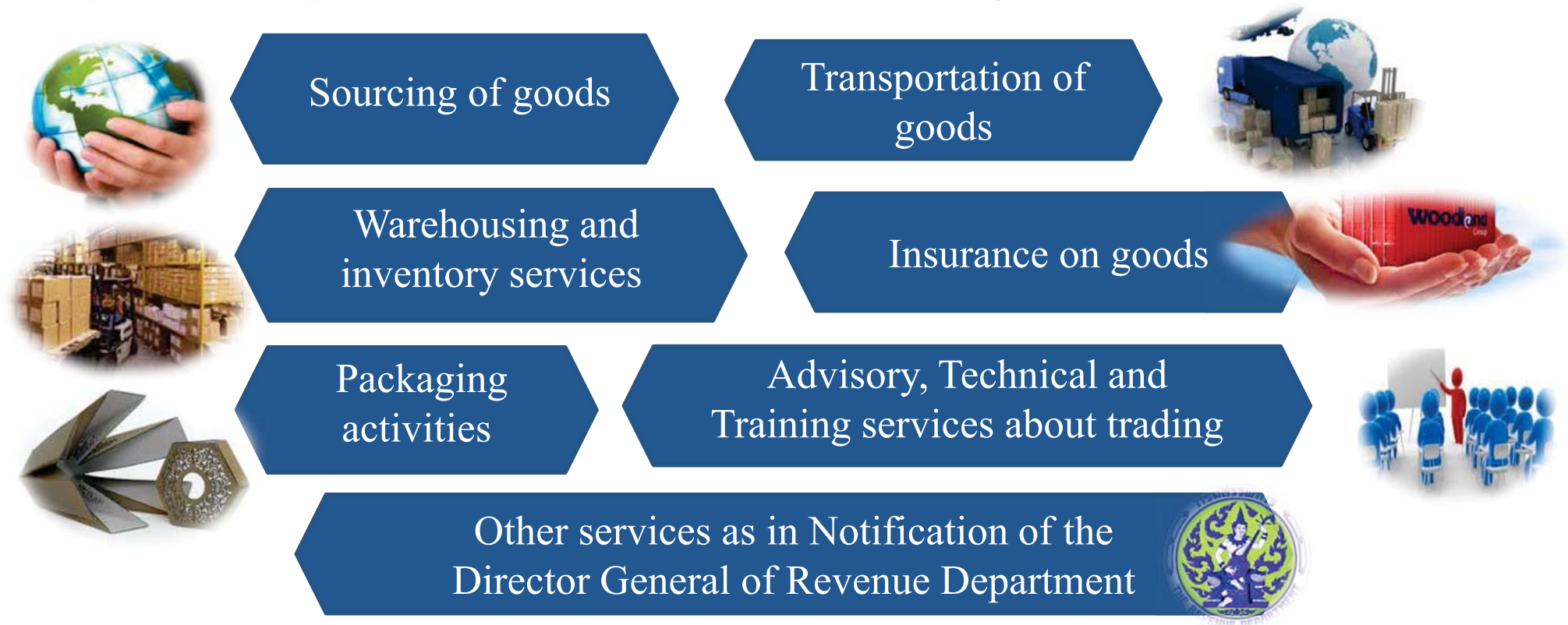
Withholding Tax exemption on interest received from its branches or AE in TH and abroad for loans granted in accordance with BOI regulations.

BOI incentives:

- Majority or total foreign ownership
- Permission to bring skilled workers and experts to work in promoted activities
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery (Only machinery for R&D and training activities)
- Exemption of import duty on raw materials and parts for export purpose

International Trading Centers (ITC) - Incentives

A juristic person which incorporated in Thailand that purchases and sells goods, raw materials and parts or provides international trading related services to juristic companies incorporated overseas. International trading related services include:



Conditions to apply for privileges offered by the BOI:

- The paid-up registered capital must not be less than 10 million baht.
- Have total ITC business spending of at least 15 million baht per year in Thailand

Revenue Department incentives:

Corporate Income Tax

- CIT exemption of net profits from revenue from purchase and sale of goods to its foreign branches or associated enterprises and such goods are not imported to Thailand (OUT-OUT), including revenue from marketing and logistics abroad.

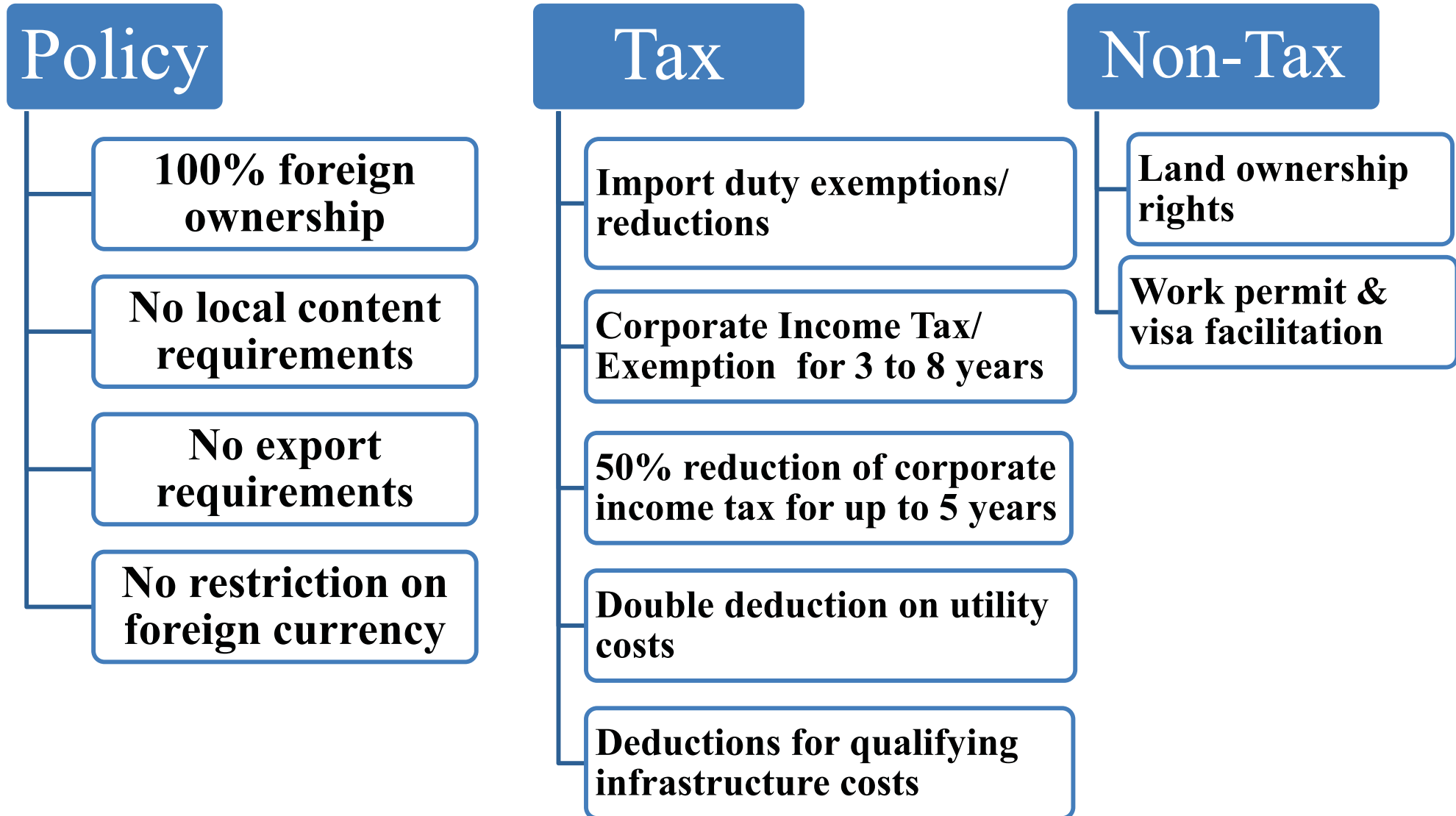
Personal Income Tax at the rate of 15% for expatriates in specialist or executive level working in ITC.

BOI incentives:

- Majority or total foreign ownership
- Permission to bring into the Kingdom skilled workers and experts to work in investment promoted activities.
- Permission to own land
- Repatriation of foreign currency
- Exemption of import duty on machinery

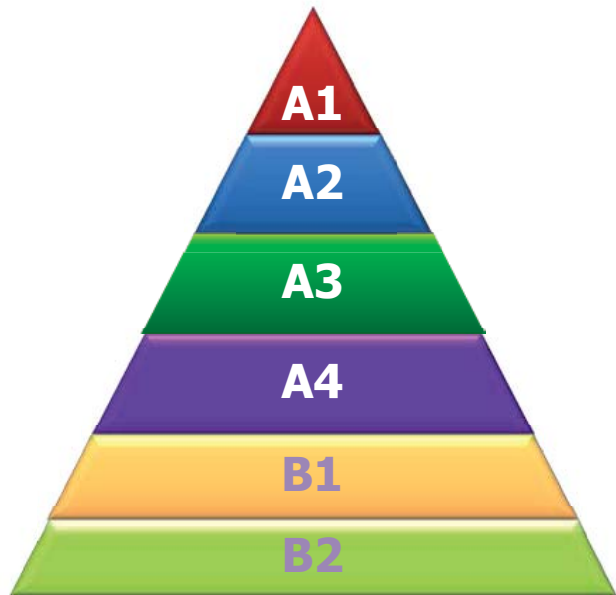
Thailand's Investment Promotion Policy: Enabling Prosperity and Value Creation

BOI's Liberal Investment Regime & Attractive Investment Incentives



How Investment Incentives Are Granted

Activity-based Incentives



- Exemption of import duties on machinery
- 0-8 years of corporate income tax exemption

+

Merit-based Incentives

1. Competitiveness Enhancement
2. Decentralization
3. Industrial Area Development

Grant additional incentives to encourage more investment/expenditures that benefit the country or overall industry

Key Principles in Designing the List of Activities Eligible for Incentives

- Level of technology
- Value creation
- Role in the supply chain
- Enhancing infrastructure
- Supporting government policy objectives e.g. digital economy, creative industries

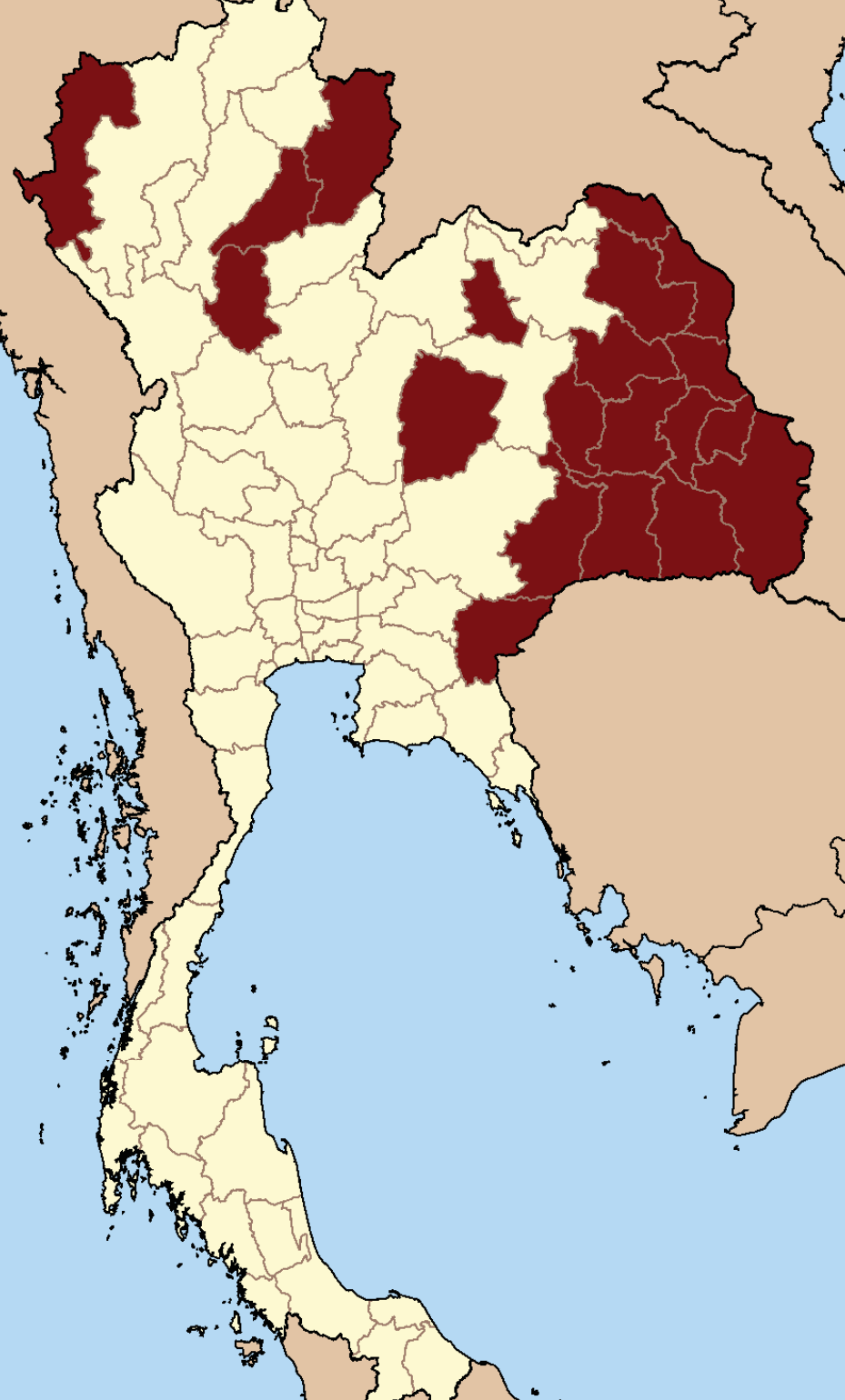
Very specific
and more
focused list of
activities

Merit-based Incentives (1/5)

Merit on Competitiveness Enhancement

Additional CIT exemption will be granted in case of investment/expenditure in

- 1. R&D: in-house, outsourced in Thailand or joint R&D with overseas institutions**
- 2. Donations to Technology and Human Resources Development Fund, and support to educational institutes, specialized training centers, R&D institutes or governmental agencies in S&T field**
- 3. IP acquisition/licensing fees for commercializing technology developed in Thailand**
- 4. Advanced technology training**
- 5. Development of local suppliers with at least 51% Thai shareholding (advanced technology training or/and technical assistance)**
- 6. Product & packaging Design: in-house or outsourced in Thailand, as approved by the Board**



The 20 Poorest Provinces

(Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani and Amnatcharoen)



Merits on Decentralization

Merit on Industrial Area Development

- **Projects located in industrial estates or promoted industrial zones are granted 1 additional year of corporate income tax exemption.**
- There are over 60 industrial estates/parks in Thailand.

Measures to Promote Productivity (effective since September 19, 2014)

1. Investment in machinery replacement for
 - Energy conservation
 - Use of renewable energy
 - Reduction of environmental impacts
 - Improvement of production efficiency i.e. automation
 - R&D activities or engineering designs
2. Benefits:
 - Exemption of import duty on machinery
 - Corporate income tax exemption for 3 years on 50 percent of the investment

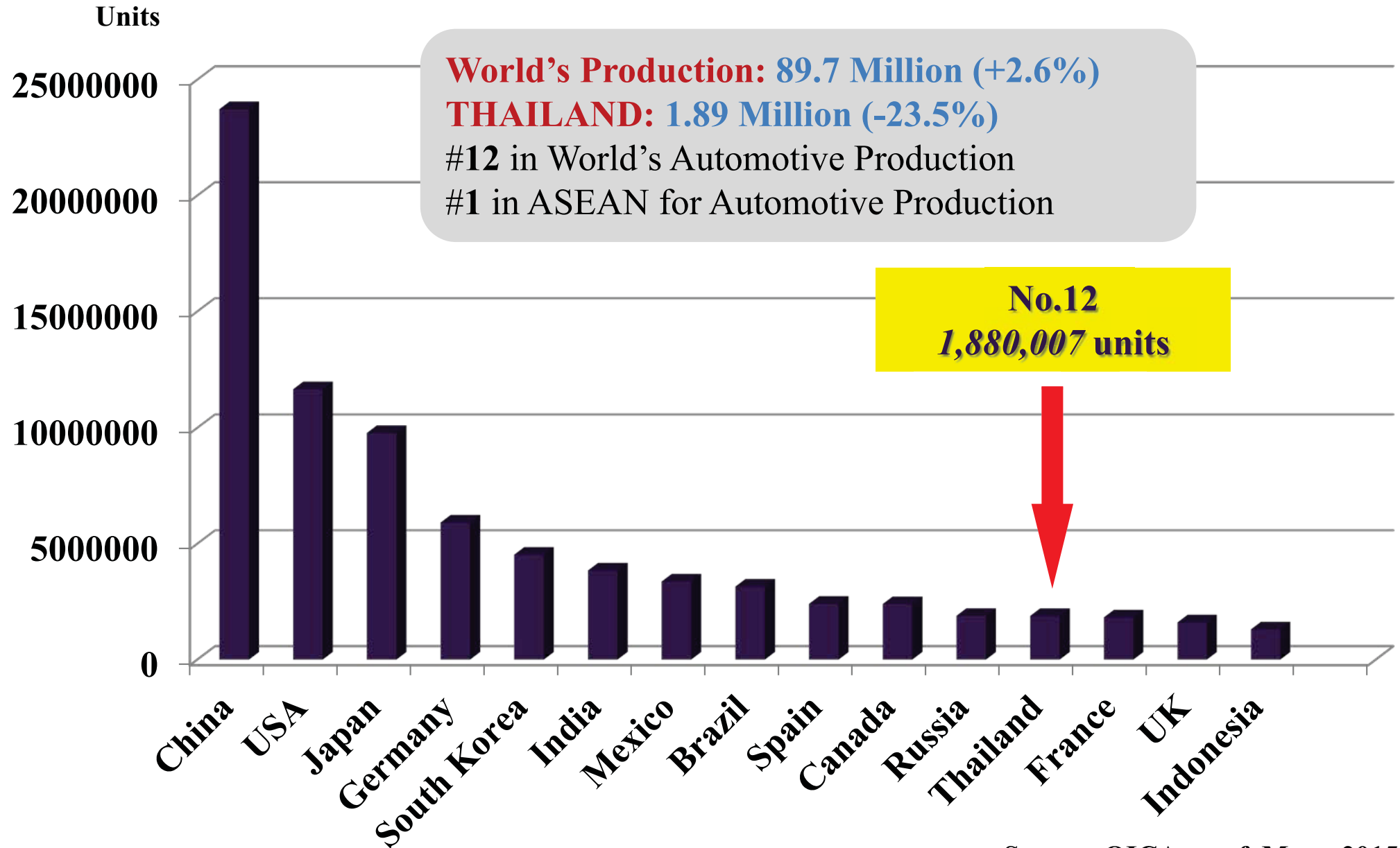
Investment Opportunities

Thailand's Automotive Industry Current Situation and Trends



Thailand Ranked **#12**

2014 Automobile Production

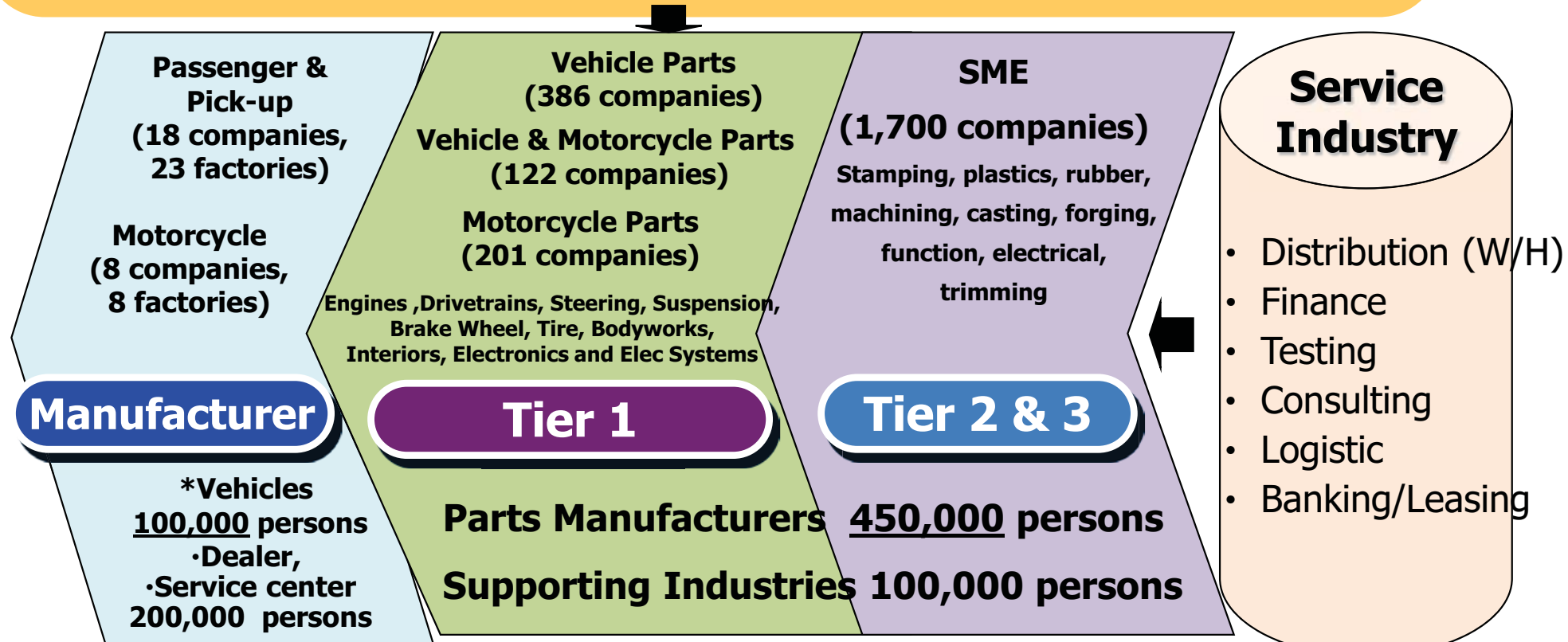


Source: OICA as of Mars, 2015

Thai Automotive Cluster and Supply Chain Structure

SUPPORTING INDUSTRY

MACHINERY, EQUIPMENT&DEVICE, MOLD & DIE, JIG & FIXTURE



Upstream Industry

Steel, Plastic, Rubber, Electronics, Glass,
Textile, Leather, Chemical, Oil, Coating and Gulvanize

Associations / Institutes

Universities /
Technical Colleges

Government

Policy & Supporting Body

Top 100 Global Suppliers Active in Thailand's Automotive Industry

Japanese Global Suppliers

2. Denso
4. Aisin Seiki
13. Yazaki
15. Sumitomo
16. Toyota Boshoku
18. Calsonic Kansei
19. JTEKT
20. Hitachi
28. Toyoda Gosei
33. NTN
34. NSK
35. Mitsubishi
39. NHK Spring
40. Koito
41. TS Tech
43. Takata

46. Bridgestone
49. Tokai Rika
57. Showa
61. Mitsuaba
66. Asahi Glass
72. Stanley
74. Akebono Brake
82. Sanden
84. F-Tech
92. Alpine
94. Pioneer
98. Omron

28/29 Companies

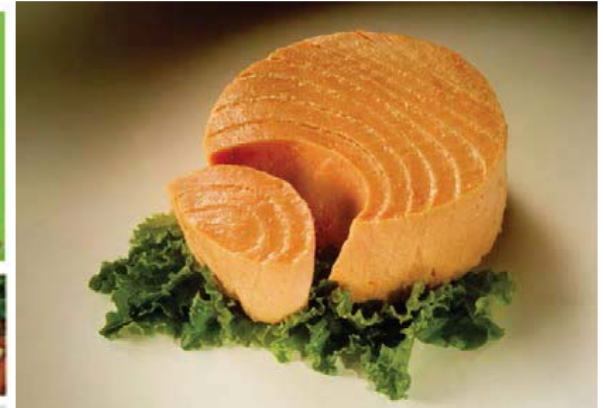
Other Global Suppliers

1. Robert Bosch
3. Continental
6. Faurecia
7. Johnson Control
8. ZF
11. TRW
12. Delphi
14. Lear
17. BASF
21. Valeo
22. Visteon
23. Autoliv
25. Mahle
27. Dana
31. BorgWarner
36. Teneco
44. Federal-Mogul
47. Michelin

50. GKN Driveline
52. Goodyear
56. Grupo Antolin
58. Bayer
59. TI Automotive
65. Draexlmaier
67. American Axle
73. Rieter Auto.
84. F-Tech
86. Hayes Lammerz
93. 3M

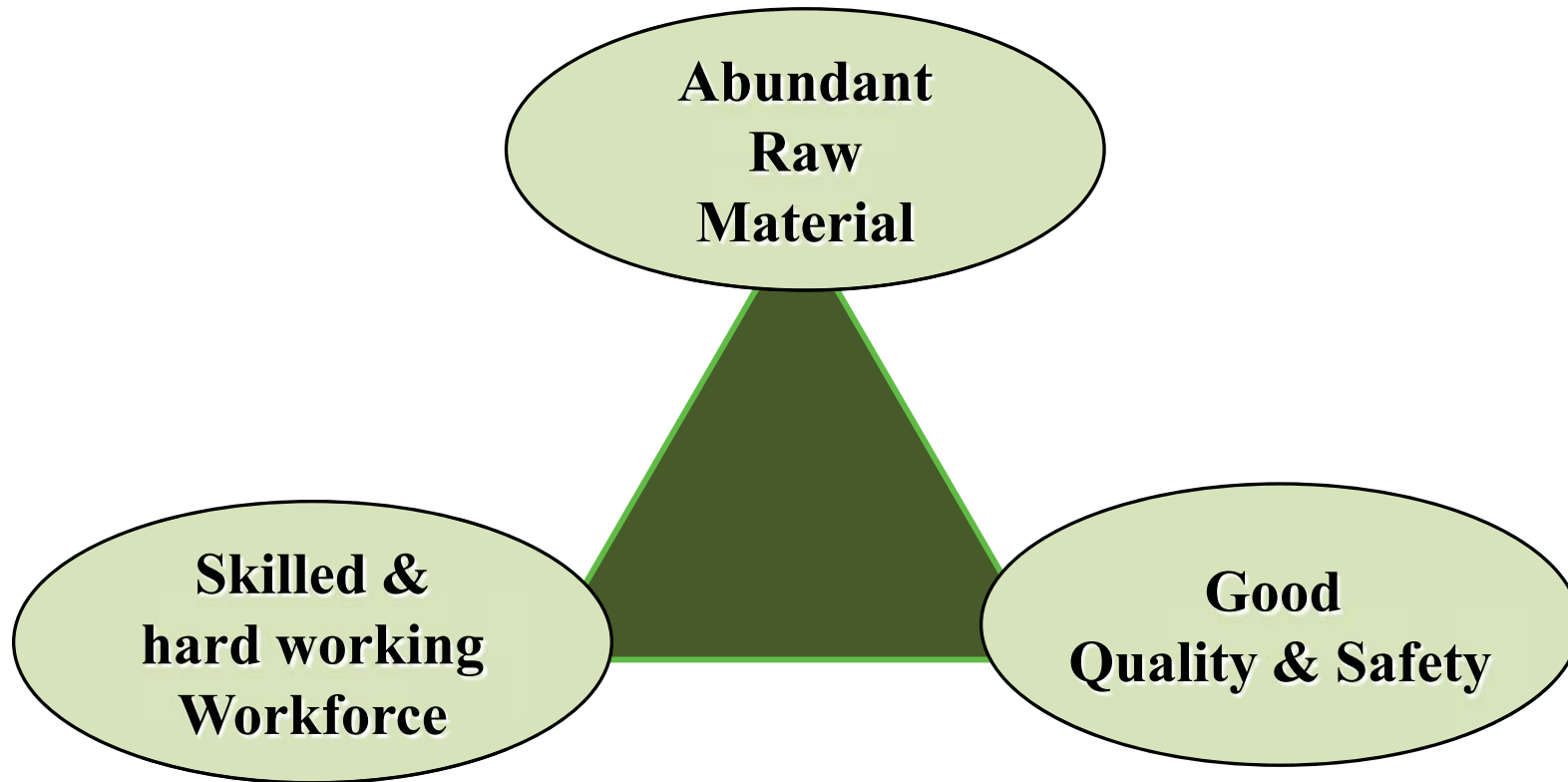
29/71 Companies

Thailand's Food Industry



Strengths of Thai Food Industry

> 80% of raw materials used by the food industry are locally sourced at low prices



Size of workforce now > 38.3 million

GMP and International Standard
Good Manufacturing Practices is a
mandatory measure for 54 types of food
products

Opportunities in Machinery



- Thailand continues to industrialize, but is dependent on foreign industrial machinery for immediate future.
- High demand for:
 - Agro-machinery
 - Alternative energy/energy conservation machinery
 - Textile machinery
 - Automotive machinery
 - Mould & Die Industry

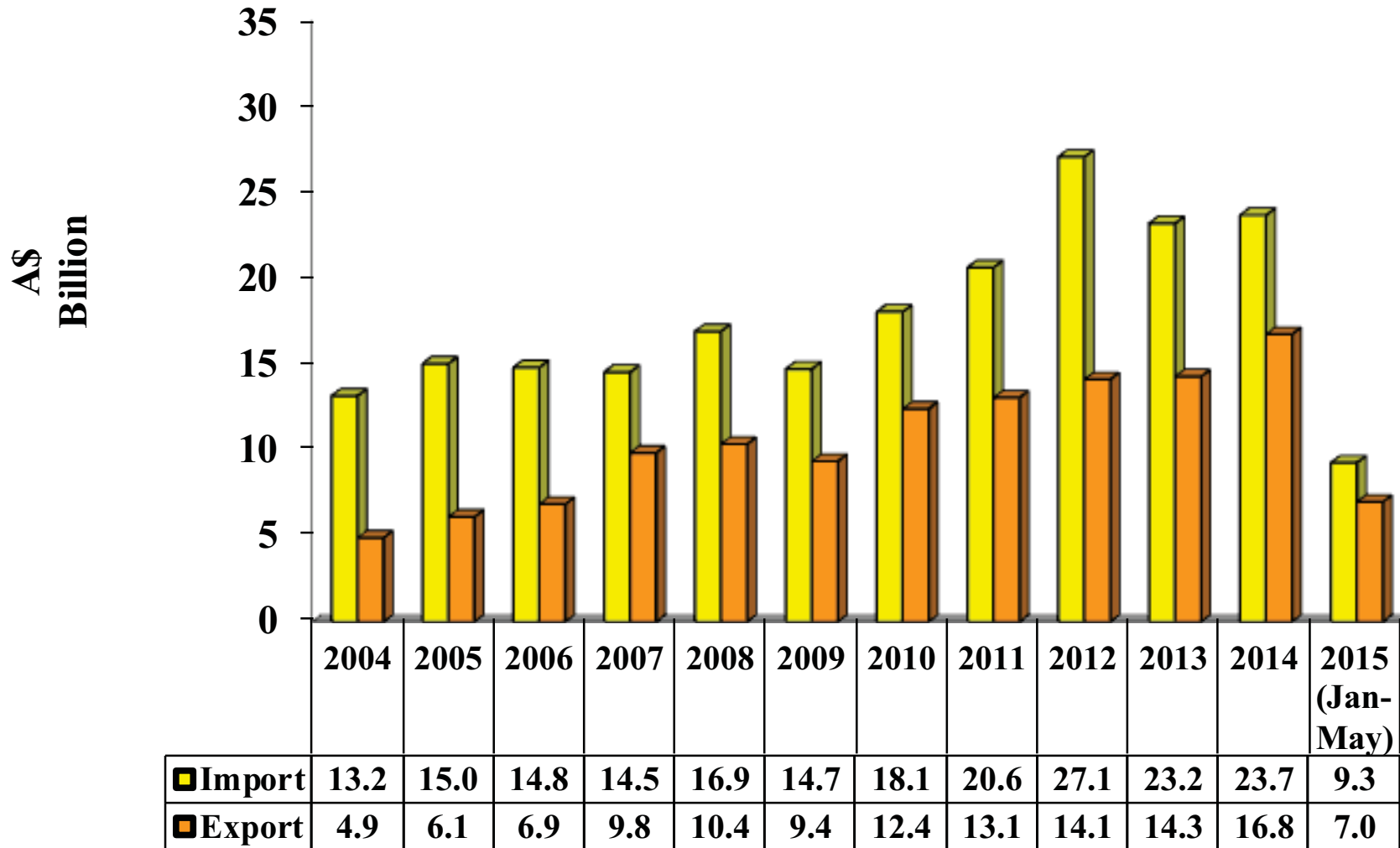


Specific Industrial Machinery Needed:

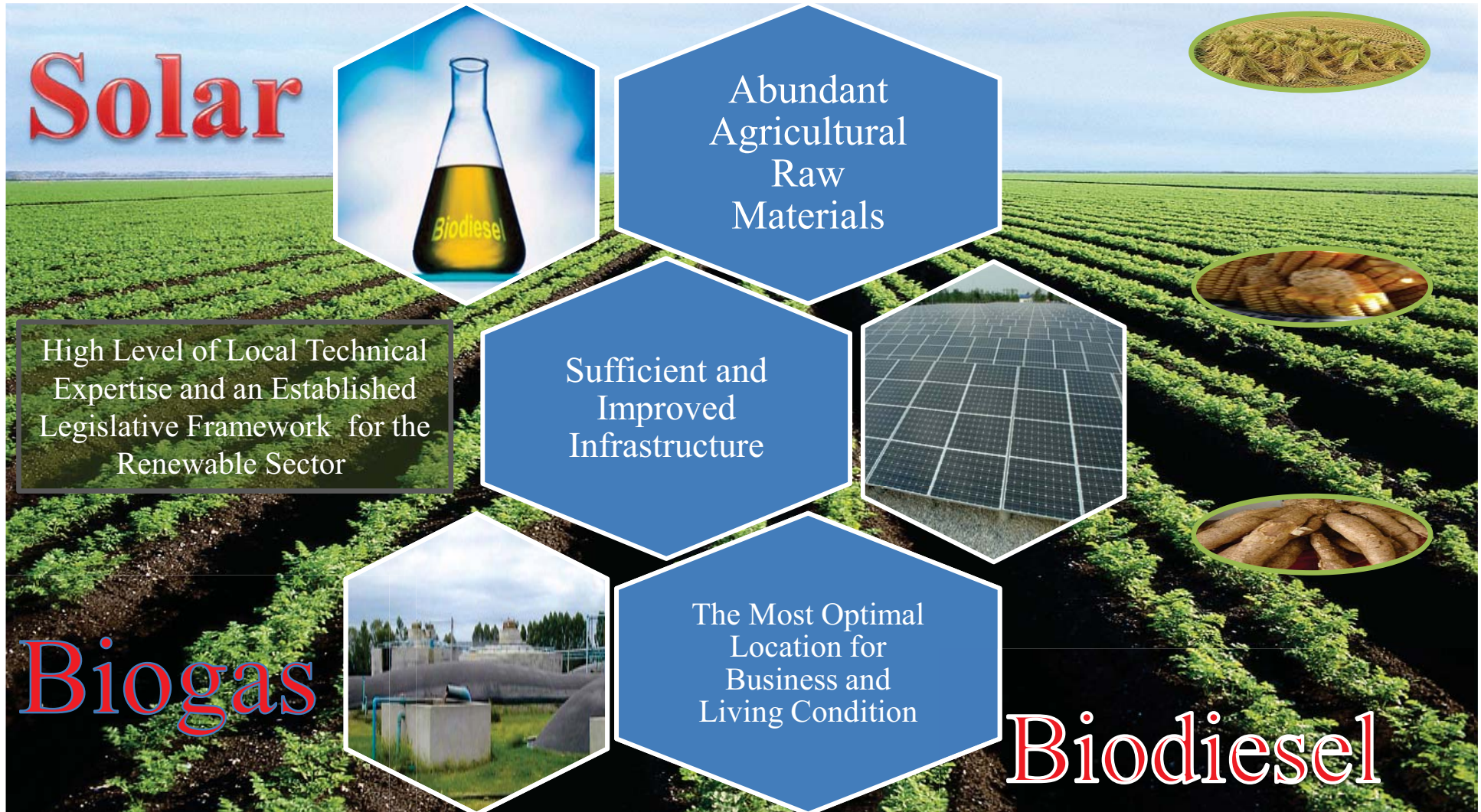
- Turning machines
- Drilling machines
- Milling machines
- Grinding machines
- Machine Centers
- Gear Cutting & Finishing Machines
- Die Sinking EDMs
- Wire Cut EDMs
- Laser Beam Machines
- Plasma Arc Cutting Machines
- Electron Beam Machines
- Broaching Machines

Machinery and Parts:

Imports and Exports, 2004 – 2015 (Jan-May)



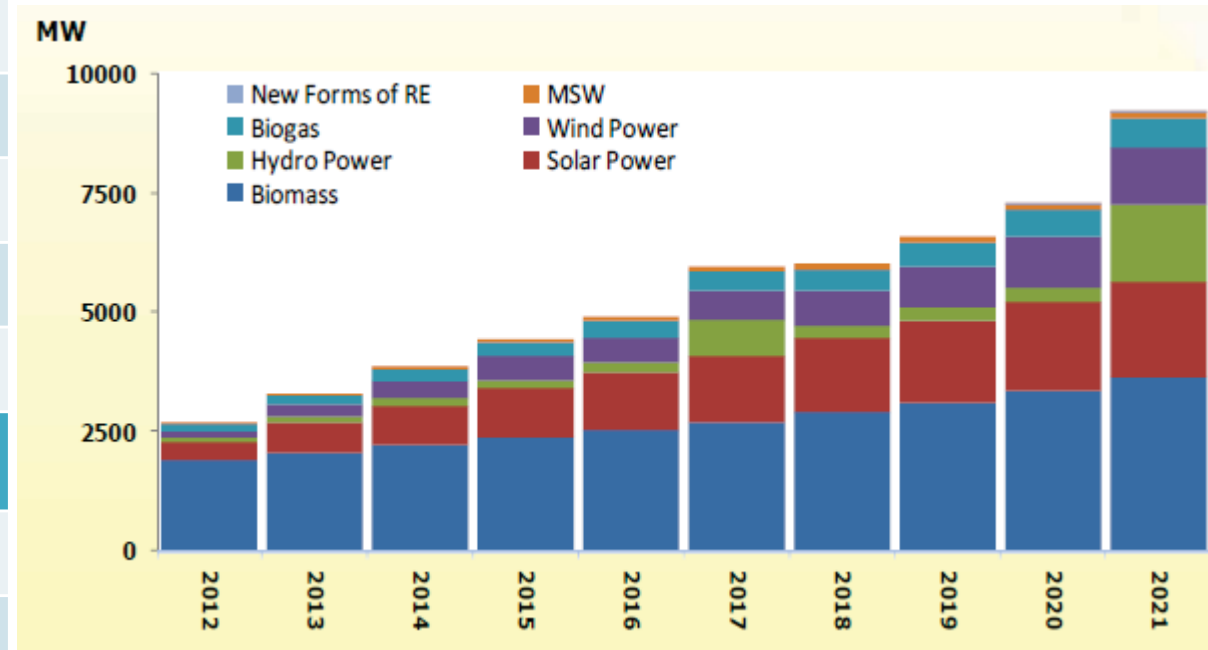
Growing Opportunities: Renewable & Alternative Energy



Alternative Energy Development Plan (AEDP) 2012-2021

AEDP 2012-2021, targeting to replace 25% of total fossil-fuel consumption with RE at the end of 2021.

Renewable Energy (13,924 MW)	
Solar power	3,000 MW
Wind power	1,800 MW
Hydro power	324 MW
MSW	400 MW
Biomass	4,800 MW
Biogas	3,600 MW
New forms of RE (3 MW)	
Geothermal energy	1 MW
Wave and Tides	2 MW



Source: Ministry of Energy, as of Aug 19, 2013

Thailand ICT Sector

Internet Users: 26.15 million, a 39.0% penetration rate (2014)

**Internet Broadband 5.49 million users penetration 27.36% per household
[NBTC, Jan 2015]**

**Fixed Line subscriber 5.69 million users
Metropolitan 2.97 million users
Provincial Area 2.72 million users [NBTC, Jan 2015]**

Source: IMC Institute 2014 and National Broadcasting and Telecommunications Commission (NBTC) as of June 24, 2014

Thailand's Strengths (Outsiders Points of View)

Strength

- Adaptable workers
- Culture/Open Society
- Location Advantage
- Multimedia and Creativity
- Reasonable infrastructure inside the country
- Reasonably inexpensive to conduct business from
- Pro-business environment

Opportunities

- Strong government support
- Strong regional and global alliances
- Large untapped regional market potential
- Aggregate ICT Talent from Indochina for scale
- Attraction of global talent to live in Thailand
- Government work / mega projects
- Animation
- Mobile applications
- Growing Tech/IT Startup community

Investment Opportunities

- Enterprise Software
- Animation and computer-generated imagery
- Web-based applications and interactive applications
- Entertainment software for mobile platforms, online games or Windows-based games
- Multimedia video conferencing applications
- E-learning content via broadband or multimedia
- Embedded software

Attractive Investment Incentives

- **Software**
 - **Embedded software**
 - **Enterprise software and/or digital content**
 - **E-Commerce**
- **Software Parks**
 - **Projects must have high-speed fiber optic main communications systems throughout the area.**
 - **The main telecommunications system must have a high-speed cable from the software park to domestic and international telecommunication centers.**
 - **Continuous back-up of electricity supply must be installed.**
 - **The total area must not be less than 5,000 square meters.**
- **Data center**
- **Cloud service**

For Further Information

- Thailand Board of Investment (BOI) : www.boi.go.th
- The Software Industry Promotion Agency (SIPA) : www.sipa.or.th
- The Ministry of Information and Communication Technology (MICT) : www.mict.go.th
- Software Park Thailand : www.swpark.or.th
- National Electronics and Computer Technology Center (NECTEC): www.nectec.or.th
- Office of Computer Clustering Promotion (CCP) : www.ccp.or.th
- The Association of Thai ICT Industry (ATCI) : www.atci.or.th
- The Association of Thai Software Industry (ATSI) : www.atsi.or.th
- Thailand Software Process Improvement Network (Thailand SPIN) : www.thailandspin.com
- Thailand Knowledge Park (TK Park): www.tkpark.or.th

BOI SERVICES

BOI SUPPORT SERVICES



Investment Matchmaking Program

**1-Stop for visas & work permits:
work permits in 3 hours**

**Subcontracting Development
Program by BUILD Unit**

ASEAN Supporting Industry Database

**Interaction with other govt. agencies
on behalf of investors**

Country desks

Overseas offices

BUILD Activities



ASEAN Supporting Industry Database (ASID)



- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
- Contact: **BOI Unit for Industrial Linkage Development (BUILD)**

Email: build@boi.go.th

Tel: + 66 553 8111 ext. 7

A photograph of the Chamchuri Square Building, a modern multi-story structure with a curved glass facade. The building is surrounded by palm trees and a paved plaza. A semi-transparent blue box with white text is overlaid on the right side of the image.

**More Convenience,
less time,
more efficiency!**

18th Floor, Chamchuri Square Building

319 Phayathai Road, Pathumwan

Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100

Email: osos@boi.go.th

BOI Office in Sydney

Sydney

Suite 101, Level 1, George Street,
Sydney, New South Wales 2000
Australia

Telephone: +61 2 9252 4884

Fax: +61 2 9252 2883

Email: sydney@boi.go.th

Website: www.boi.go.th



Wirat Tatsaringkansakul
Director